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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 04/25/08

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, April 24

NIKKEI (Page 2) (Full)
April 25, 2008

09:45

Met at Kantei with Agency of Natural Resources and Energy
Director-General Mochizuki and METI International Trade Policy
Bureau Director-General Ishige.

10:20

Met with Science and Technology Foundation of Japan Chairman
Hiroyuki Yoshikawa. Afterwards, met with U.S. Google's vice
president who was awarded the Japan Prize and others. Later,
Hokkaido Gov. Takahashi and others filed a petition to the prime
minister for return of the Northern Territories with State Minister
in Charge of Northern Territories Kishida present.

11:30

Met with Deputy Chief Cabinet Secretary Ono. After him, met with New

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Komeito Representative Ota, House of Representatives member Yosuke
Aoki and others. Ota remained.

14:28

Met with House of Representatives member Takeshi Noda.

15:05

Met with Mochizuki. Afterwards. Vice Foreign Minister Yabunaka.
After him, met with Chief Cabinet Secretary Machimura and Deputy
Chief Cabinet Secretary Futahashi.

16:29

Attended the Japan-Brazil Exchange Year/Ceremony for the 100th
Anniversary of Japanese Emigration into Brazil held at Hotel Okura.

17:39

Met at Kantei with LDP Trade Research Commission on Agricultural,
Fisheries and Forest Products Chairman Yatsu, joined by LDP Research
Commission on Comprehensive Agricultural Administration Chairman
Hori.

18:30

Met with Cabinet Intelligence Director Mitani.

19:03

Arrived at Kantei residence.

4) Prime Minister Fukuda calls SRM found in imported U.S. beef
"regrettable"

TOKYO SHIMBUN (Page 2) (Full)
April 25, 2008

Prime Minister Fukuda late yesterday called the discovery of
specified-risk material (SRM, which is said to have a high BSE risk
and whose imports are banned) in imported U.S. beef "truly
regrettable."

When asked if there would be any impact on talks with the United
States on relaxation of the imports conditions for U.S. beef, Fukuda
went no further than to say: "We are discussing the matter in terms
of scientific and technical aspects. We will reach a conclusion
after obtaining the results of the discussions." Fukuda was replying
to questions by reporters at the Prime Minister's Official
Residence.

Meanwhile, the major opposition Democratic Party of Japan's Deputy
President Naoto Kan told a news conference: "The government must
take a stand of making the U.S. observe the rules so that the risk
can be avoided."

The Japanese Communist Party's Chairman Kazuo Shii also criticized
the government at a news conference: "The government must

immediately decide to suspend all U.S. beef imports."

5) Government desperately trying to calm down situation in aftermath of discovery of SRM in U.S. beef

MAINICHI (Page 3) (Full)
April 25, 2008

A high-risk material that could contain BSE agents has been found in
TOKYO 00001143 004 OF 012

beef imported from the United States. Following this, the government is desperately trying to calm down the situation, an official emphasizing: "There is no problem with our safety system." The U.S. has strongly reacted to Japan's maintenance of the world's toughest import conditions. Given this, the government is apparently concerned that Japan's excessive reaction to the situation might cause discord between the two countries.

The specified risk material (SRM) was found in one of 700 boxes imported into Japan by Yoshinoya Holdings Co. The U.S. Department of Agriculture's health inspection certificate was on the box, but the Ministry of Agriculture, Forestry and Fisheries (MAFF) suspects that parts intended for the U.S. market were erroneously packed into a box bound for Japan.

When beef with SRM was found mixed in shipments in January 2006, it was learned that a U.S. inspector had issued a health certificate while knowing that it was beef with vertebral columns. Japan therefore completely banned U.S. beef imports, citing defects in the U.S. inspection system. This time, though, the government has decided to prohibit only imports from the meatpacker in question. MAFF Minister Masatoshi Wakabayashi stressed: "Keeping in mind the possibility that SRMs might be mixed in by mistake, we have instructed that an inspection should be conducted at the stage of distribution. This checking system worked effectively this time."

Japan sets the strict condition of importing only beef from cattle 20 months of age or younger. But the U.S. has called on Japan to drop this condition. The U.S. beef industry is dissatisfied with Japan, calling it "a unique country."

Japan would like to proceed with negotiations, focusing on the idea of raising the age limit of cattle whose meat is eligible for import to those aged up to 30 months as the point of compromise. But if consumers become more distrustful of U.S. beef due to this case, the government may find it difficult to ease the condition.

6) Vice MAFF minister: There is no need to check all boxes of US beef

TOKYO SHIMBUN (Page 3) (Slightly abridged)
April 25, 2008

Spinal parts - designated as materials at risk of accumulating BSE agents - were found in beef imported from the United States. On the inspection system in connection with this problem, Vice Minister of Agriculture, Forestry, and Fisheries (MAFF) Toshiro Shirasu said in a press conference yesterday: "It is not necessary to check all boxes."

Shirasu first cited that the production line for Japan is clearly distinguished from others at U.S. plants. He then emphasized: "A system has been established to prevent beef products bound for Japan from being mixed in those (for other countries). This current system is working effectively."

Last year, the government ended a measure to check all deliveries of beef products imported from the U.S. at airports and sea ports. Instead, such products are inspected at random at an animal quarantine station under the jurisdiction of MAFF to check whether livestock is infected with a communicable disease and a quarantine station under the jurisdiction of the Ministry of Health, Labor, and

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Welfare to check the safety of food.

However, the current rate of sampling remains low. So the government has instructed restaurant and supermarket chains to report it to administrative organs if they find something abnormal when they open boxes of imported beef.

7) Gyu-Kaku uses beef imported from National Beef: "There is no safety problem"

TOKYO SHIMBUN (Page 3) (Abridged)
April 25, 2008

Reins International (Tokyo), which operates the grilled beef restaurant chain Gyu-Kaku, revealed yesterday that it has used beef imported from U.S. meat processor National Beef's processing facility in California. The company emphasizes that there is no safety problem.

The company stopped imports from the said plant, but it will continue to sell the products in stock because safety checks on them have been done after they arrived in Japan.

Reins International will look for another source of procurement in the U.S. Its spokesman said: "It is not true to say that since they are U.S. beef products, they are risky. We have all products checked at the processing plant, our client, so the products are safe."

Steakhouse chain Don was using beef shipped from the plant in question. It has stopped serving dishes using U.S. beef. Zenshoku (Ibaraki City, Osaka), which was using beef imported from another plant of National Beef, has stopped using it.

8) Japan's concessions likely to be key to restarting WTO talks

YOMIURI (Page 9) (Full)
April 25, 2008

Takamasa Miyake

The stalemate in the Doha Round of multilateral trade negotiations under the World Trade Organization (WTO) is likely to be overcome shortly. Possibly in late May, a ministerial meeting of 30 major countries and regions is expected to take place in order to aim to reach a general framework agreement, with the aim of reaching a final agreement by the end of the year.

At the end of March, U.S. President Bush in a meeting with Australian Prime Minister Rudd, gave this outlook for the Doha Round, "We are ready to make significant concessions to move the round forward." Washington's major concern is how to maintain the subsidies now being provided to U.S. farmers, but the President made the above remark apparently because "he does not want other countries to point to the U.S. as a country that caused the collapse of the multilateral trade talks," a source engaged in negotiations said. On top of that, the fact that each country's farmers' income is on the rise thanks to increased food prices worldwide provides a tailwind for the President. Food exporting countries financially support domestic farmers, but they now find it less necessary to subsidize them.

The Doha Round started with a ministerial session in Doha, Qatar, in

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November 2001. The round initially planned to reach a final accord in January 2005. This schedule, however, has been widely delayed. Should a general framework agreement fail to be reached this time, multilateral trade talks would be frozen for one or more years, and each country would give up on free trade at a multilateral level under the WTO and would be certain to move to conclude economic partnership agreements, under which tariffs would be lowered between two countries.

The focus of the upcoming ministerial session is agricultural negotiations, where interests are fiercely conflicting among

countries. Chairman Falconer released a proposal in February, in which he said that important items on which lowering tariffs will be allowed as exceptions should be limited to 4-5 PERCENT of the duty items, but modifications are likely to be made so that all duty items will be treated as exceptions. The number of Japan's important items is likely to increase from the 40-60 to 50-80, but Japan has insisted that more than 133 items, including rice, should be treated as exceptions. How far Japan can make concessions in this regard by a political decision is likely to draw international attention.

9) Japan to offer 10 billion yen in emergency food aid mainly to Africa ahead of G-8 Toyako Summit

ASAHI (Page 1) (Full)
April 25, 2008

Ahead of the Group of Eight Toyako Summit in Hokkaido in July, the government yesterday decided to offer a total of \$100 million (approximately 10 billion yen) in emergency aid, primarily to developing countries where famine and political unrest are expanding owing to soaring food prices. The emergency food-aid commitment will be the second largest, after the United States.

In May, Japan will provide \$50 million (5 billion yen) in emergency aid via the United Nations World Food Program (WFP) in order to help some 10 African countries that are in a serious food crisis, such as Sudan, Kenya, Uganda, and Central African Republic. Just before the G-8 Toyako Summit, Japan will offer in the form of bilateral aid another \$50 million or more to countries in a critical situation.

Japan offers \$100 million or more annually to the WFP, an international body that provides food aid to developing countries. The aid Japan has committed to WFP since the beginning of the year has already reached \$68 million. Japan has now decided to provide additional aid to the WFP. This is because the government wants to demonstrate its leadership as the host nation of the upcoming G-8 summit. Japan intends to use a portion of the official development assistance budget for developing countries for this commitment. If necessary, Japan will consider compiling a supplementary budget.

10) Chief Cabinet Secretary Machimura negative about visit to North Korea by Diet members

YOMIURI (Page 4) (Full)
April 25, 2008

Taku Yamasaki, a former vice president of the ruling Liberal Democratic Party (LDP), and other Diet members are looking into the possibility of visiting North Korea. Chief Cabinet Secretary Nobutaka Machimura took a negative stance toward a visit to North Korea by nonpartisan Diet members when he was asked by reporters,

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saying: "The present situation does not allow Diet members to carry out diplomacy (with North Korea)."

In response, Yamasaki said yesterday in a meeting of his faction: "We would like to take action after North Korea reports all its nuclear programs and a settlement on the North's complete scrap of its nuclear facilities is secured." He stressed that he would decide on the timing of a visit in a cautious manner. A LDP lawmaker, who has close ties with Yamasaki said: "We will visit Pyongyang after obtaining Prime Minister Fukuda's approval."

11) Prime Minister Fukuda off for Moscow today

MAINICHI (Page 2) (Full)
April 25, 2008

Prime Minister will visit Russia on April 25-27. He is expected to meet separately with President Vladimir Putin and President-elect Dmitry Medvedev on the 26th. The aim is to build a relationship of trust with the Russian leaders as host of the Group of Eight summit at Lake Toya in Hokkaido in July. The outlook is that Fukuda and the Russian leaders will discuss such issues as the long-standing dispute over Northern Territories and economic cooperation. They

also will likely to confirm the need to strengthen cooperation on the North Korean issue.

It is the first time for a Japanese prime minister to visit Moscow since Junichiro Koizumi went there in January 2003. Chief Cabinet Secretary Nobutaka Machimura told the press yesterday:

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"Based on the 2003 Japan-Russia Action Program, economic and personnel exchanges have been promoted in a broad range of areas. They will discuss how to build Japan-Russia relations on a higher level."

Russia has a high interest in exporting energies to the Asia-Pacific region. With this in mind, Fukuda intends to find ways to resolve the territorial dispute by stepping up cooperation on joint resources development in the Far East region.

12) Japan, Russia to set up vice-minister level talks on East Siberian development

NIKKEI (Page 2) (Full)
April 25, 2008

The governments of Japan and Russia has decided to set up new vice-minister level talks, which would discuss only issues related to Russia's Far East and the East Siberian regions. Prime Minister Yasuo Fukuda, who will depart for Russia today, is expected to confirm with outgoing President Vladimir Putin and his successor, Dmitry Medvedev to expand cooperation in the East Siberia. The setting of vice-minister level talks is part of measures to expand bilateral cooperation. Vice-minister officials of the two countries will pave the way for negotiations on the long-standing dispute over the four islands off Hokkaido.

Tokyo and Moscow last November launched a vice-minister level strategic dialogue to discuss wide-ranging issues, including the territorial dispute. The Sub-committee for Interregional Exchange of the Japanese-Russian Intergovernmental Committee was also established last November. The sub-committee discusses mainly

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promotion of exchanges between regional governments of Japan and Russia, including those outside Far East.

The planned vice-minister level talks will focus on promotion of exchanges between local communities, development of resources in the East Siberia, consolidation of distribution infrastructure, among other issues. The two governments have envisioned the holding of a meeting ahead of the July Group of Eight summit in Hokkaido.

With an eye on expanding its influence over the Asia-Pacific region in the future, Russia intends to accelerate development of its Far East region. The outlook is that the Asia-Pacific Economic Cooperation forum will be held in Vladivostok in 2012. The Japanese government will lay the groundwork for improvement on the territorial row.

13) Olympic torch relay in Nagano tomorrow; Tensions growing in the city

SANKEI (Page 3) (Excerpts)
April 25, 2008

With the Olympic torch relay taking place tomorrow, tensions are growing in Nagano City. Organizations supporting Tibet and Chinese people living in Japan will arrive in the city starting today. The city has prepared shelters, and the schools plan to go on patrol. Shops on the streets where the torch relay will take place are considering removing their sign boards. Under such circumstance, the Olympic flame will arrive today at Haneda Airport and it will be carried to Nagano.

Tomorrow when the torch relay takes place, there will be classroom observations in 14 elementary schools and two junior-high schools in

Nagano City. Kamo Elementary School asked the parents of students, who live the prefectural workers' welfare center which will be used for the departing ceremony, to take their children to school. Teachers will go on patrol around the school.

Although Koji Watanabe, chairman of the association of shops in the city, had called on shop owners to open their shops from the morning that day, it has now been decided that each shop owner will decide on the opening hour on its own.

The prefectural police and the city are now ready for the torch relay. The torch relay will be guarded by 3,000 police officers, including Tokyo Metropolitan Police Department officers. It has been also decided that to defend the runners from harm, uniformed police officers will stand each side of the street and a video film will be made around the runners.

National Police Agency Director General Yoshimura said: "The situation is extremely severe because there will be demonstrations by supporters for Tibet and by right-wing groups. However, we will make assurance doubly sure by mobilizing riot police from the Tokyo Metropolitan Police Department and Kanto Regional Police Bureau."

14) LDP panel proposes expanding SDF personnel's authority

MAINICHI (Page 2) (Full)
Eve., April 24, 2008

A subcommittee of the ruling Liberal Democratic Party on reform of

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the Defense Ministry, chaired by Yasukazu Hamada, released a report of recommendations April 24 that call for reform of the Defense Ministry. The report comes in the wake of a series of scandals, including the collision of an Aegis-equipped destroyer with a fishing boat. The Defense Ministry is said to be lacking close communication between its internal bureaus' administrative officials and the Self-Defense Forces' uniformed staff officers. The LDP panel report therefore recommends the Defense Ministry to abolish its Operations and Planning Bureau, which is in charge of administrative affairs for SDF operations, and integrate its functions into the SDF Joint Staff Office.

The LDP panel report substantially expands the authority of SDF officers. Meanwhile, Defense Minister Shigeru Ishiba has advocated integrating the Defense Ministry's administrative officials and the SDF's uniformed staff officers into an integral body. This advocacy, however, has encountered a backlash from within the LDP. The report avoided touching on this advocacy. In addition, the report also recommends securing transparency by employing civilians and SDF veterans as political appointees to advise the defense minister.

Prime Minister Yasuo Fukuda has ordered Ishiba to overhaul the Defense Ministry in the wake of scandals involving the ministry. However, Ishiba's reform plan faced strong opposition from the ministry's internal bureaus, the SDF, and the LDP.

In addition to the LDP, an in-house panel of the Defense Ministry and an advisory panel for the prime minister have been also discussing reform of the Defense Ministry. The LDP panel forestalled them with its proposal, which is aimed at blocking the Ishiba plan. However, the LDP panel's proposal is no more than a report within the LDP. Its status is vague, as it is not expected to go through the LDP's formal procedures.

15) LDP panel opposed to drastic reorganization for Defense Ministry reform

MAINICHI (Page 2) (Abridged)
April 25, 2008

The prime minister's office, the Defense Ministry, and the ruling Liberal Democratic Party have been discussing reform of the Defense Ministry in the wake of a series of scandals involving the Defense Ministry. Meanwhile, an LDP subcommittee worked out a report of recommendations yesterday, forestalling an advisory panel for the

prime minister and an in-house committee of the Defense Ministry. The LDP panel's report features the expansion of the authority of uniformed officers in the Self-Defense Forces. In fact, however, the report is aimed primarily at constraining Defense Minister Shigeru Ishiba's plan to restructure the Defense Ministry on a large scale. Ishiba will come up with his restructuring plan in May. However, the Defense Ministry's reform is now being clouded.

The Defense Ministry's restructuring process kicked off with Prime Minister Yasuo Fukuda's order given to Ishiba in February for a "bottom-up review" of the Defense Ministry's organization. Ishiba has advocated integrating the Defense Ministry's internal bureaus and the SDF's staff offices, and the Defense Ministry's reform promotion team is now studying the Ishiba plan.

However, both the Defense Ministry's internal bureaus and the SDF's uniformed staff officers are strongly opposed to the Ishiba plan

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because their posts and powers will be reduced. They are backed by the LDP's defense policy clique. In its report of recommendations, the LDP panel, which is mainly composed of defense-related lawmakers, did not touch on Ishiba's integral reorganization idea.

16) Defense Ministry plans to set up new decision-making panel

YOMIURI (Page 1) (Abridged)
April 25, 2008

The Defense Ministry has now decided to set up a new decision-making council of senior administrative officials from its internal bureaus and uniformed staff officers from the Ground, Maritime, and Air Self-Defense Forces to discuss defense policy and better deal with emergencies, sources said yesterday. The Defense Ministry's administrative officials and the SDF's uniformed staff officers are to jointly advise the defense ministry. To that end, the Defense Ministry would like to submit a Defense Ministry Establishment Law revision bill to the Diet in its extraordinary session planned for this fall. It will be the first phase of the Defense Ministry's reform in the wake of a series of scandals involving the Defense Ministry.

The newly planned council, with the defense minister presiding over, will be made up of the senior vice minister and senior civilian officials, including the administrative vice minister, and the SDF's uniformed staff officers, including the chiefs of staff of the SDF Joint Staff Office and the GSDF, MSDF, and ASDF staff offices, and the chief of the Defense Intelligence Headquarters. The council will be a de facto supreme decision-making body of the Defense Ministry and will discuss defense policy matters in general and SDF operations to deal with emergencies

17) Yamaguchi by-election: Tug-of-war expected at 60 PERCENT voter turnout; LDP hopes for low turnout, DPJ eyes high rate

MAINICHI (Page 5) (Abridged)
April 25, 2008

Campaigning for the April 27 by-election for the Yamaguchi No. 2 constituency is now in the final stretch. The Liberal Democratic Party and the rival Democratic Party of Japan share the view that voter turnout will determine victory or defeat. The LDP, which puts high priority on organizational votes, is hoping for low voter turnout, while the DPJ is desperate to dig up unaffiliated voters to increase the rate. Some envisage a tug-of-war over the 60 PERCENT line.

Voter turnout in the previous 2005 Lower House election was 72.45 PERCENT . But the rate in a by-election is usually far lower than that in a regular election. Some LDP members think that a rate in excess of 60 PERCENT is not good but a rate around 50 PERCENT is not bad for the party. For the upcoming election, the party has developed an election strategy based on that view.

LDP Secretary General Bunmei Ibuki delivered yesterday roadside speeches at six spots in Iwakuni City, emphasizing the fairness of

the newly introduced medical system for the elderly. From a sense of crisis that an insufficient explanation of the system has driven the elderly, the core part in the program, away from the LDP, Ibuki's speeches were intended to solidify organizational votes.

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Meanwhile, DPJ President Ichiro Ozawa, Deputy President Naoto Kan, and Secretary General Yukio Hatoyama stumped yesterday for the DPJ candidate in Hikari City apparently in an effort to win the support of unaffiliated voters. The venue was a parking lot along a busy highway in a Hikari City suburb.

Their strategy was to play up the party's policy to as many unaffiliated voters as possible in Hikari City, the hunting ground, by deliberately avoiding the two camps' home turfs.

18) Freeing up road revenues for general purposes; Diet resolution plan surfaces to prevent rebels (from voting against the plan) and contain road specialists

MAINICHI (Page 5) (Excerpts)
April 25, 2008

A plan has cropped up in the Liberal Democratic Party to pass a Diet resolution specifying the government's and ruling bloc's decision to free up road-related revenues for general spending from fiscal 2009 to coincide with their another plan to take a Lower House overriding vote on April 30 on a bill amending the Special Taxation Measures Law to restore the provisional tax rates. The aim is to prevent mid-level and junior members from rebelling against the party decision and to alleviate criticism of holding an override vote. At the same time, some in the party are trying to use the envisaged resolution to contain members with ties to road construction interests. Whether or not the resolution can be adopted remains to be seen.

The LDP faction led by Nobutaka Machimura held a meeting yesterday in which Upper House member Ichita Yamamoto and others said: "If an override vote is taken under the present situation, it would be criticized as contradictory to the government's and ruling camp's decision. Unless we consider an assurance that road tax revenues will be used for general purposes, we won't be able to offer an explanation to the public."

What Yamamoto and others expressed skepticism was not about the bill amending the Special Taxation Measures Law but the one amending the Road Construction Revenues Special Measures Law. An override vote on the road construction measures legislation can be taken on May 12 or later. But its content designed to maintain road-construction revenue sources for 10 years conflicts with the government's and the ruling bloc's decision that was made in line with Prime Minister Yasuo Fukuda's new proposal.

The major opposition Democratic Party of Japan has begun zeroing on this point. The Diet resolution plan has cropped up in order to dissolve this contradiction.

19) DPJ delays submitting censure motion against prime minister out of fear of public criticism of boycotting Diet debate

TOKYO SHIMBUN (Page 2) (Excerpts)
April 25, 2008

Yoichi Takeuchi

The major opposition Democratic Party of Japan (DPJ) is likely to delay submitting a censure motion against Prime Minister Fukuda to the Upper House until May 12, when it is allowed to put to a revote

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the bill revising the Road Construction Financial Resources Law.

The DPJ initially planned to submit a censure motion immediately

after the bill revising the Special Tax Measures Law is put to a revote in the Lower House on April 30.

However, DPJ Deputy President Naoto Kan said at a news conference yesterday, "We must consider what is a best strategy and a best tactic in order to bring about a dissolution of the Lower House for a snap election instead of arguing whether it is appropriate to submit a censure motion." Kan noted he would not dwell on the idea of submitting a censure motion at an early time.

If the prime minister brushes aside a censure motion submitted by the DPJ, the DPJ would then find it difficult to attend Diet deliberations which the prime minister attends. If the DPJ boycotts Diet deliberations for one and a half months until June 15, when the current session of the Diet closes, the DPJ would be exposed to public criticism. Most mid-level and junior lawmakers of the DPJ do not want to come under such criticism.

SCHIEFFER